

APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007

The undersigned intends to circulate and file an INITIATIVE or a REFERENDUM (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the MEASURE or CONSTITUTIONAL AMENDMENT (circle appropriate word) intended to be INITIATED or REFERRED (circle appropriate word) at the next general election.

SUMMARY: A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

Redefining Real Property Valuation and Tax in the Arizona Constitution, Article IX, Section 18

This proposition redefines how real property is valued for tax purposes, establishes maximum tax limits, and eliminates exceptions to the tax limits. The valuation baseline is the full cash value of the property in 2003 as published by the County Assessor, or purchase price if purchased after December 31, 2003. Valuations cannot increase by more than 2% per year. The maximum residential property tax is 1/2 of 1% (.5%) of value. For all other real property the maximum property tax is 1% of value.

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Date of Application November 5, 2007
Signatures Required 230,047
Deadline for Filing July 3, 2008
Serial Number Issued C-16-2008
FOR OFFICE USE ONLY

Revised 11/92

CF 17 # 200602844

OFFICIAL TITLE

AN INITIATIVE MEASURE

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PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; REPEALING ARTICLE IX, SECTION 18 AND SECTION 19, CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA BY ADDING A NEW SECTION 18; RELATING TO PROPERTY TAXATION

CURRENT TEXT OF ARIZONA CONSTITUTION, ARTICLE IX, SECTION 18 and SECTION 19

~~18. Residential ad valorem tax limits. Limit on increase in values; definitions~~

~~Section 18. (1) The maximum amount of ad valorem taxes that may be collected from residential property in any tax year shall not exceed one per cent of the property's full cash value as limited by this section.~~

~~(2) The limitation provided in subsection (1) does not apply to:~~

~~(a) Ad valorem taxes or special assessments levied to pay the principal of and interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose;~~

~~(b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns, school districts and community college districts;~~

~~(c) Ad valorem taxes levied pursuant to an election to exceed a budget, expenditure or tax limitation;~~

~~(3) Except as otherwise provided by subsections (5), (6) and (7) of this section the value of real property and improvements and the value of mobile homes used for all ad valorem taxes except those specified in subsection (2) shall be the lesser of the full cash value of the property or an amount ten per cent greater than the value of property determined pursuant to this subsection for the prior year or an amount equal to the value of property determined pursuant to this subsection for the prior year plus one-fourth of the difference between such value and the full cash value of the property for current tax year, whichever is greater;~~

~~(4) The legislature shall by law provide a method of determining the value, subject to the provisions of subsection (3), of new property;~~

~~(5) The limitation on increases in the value of property prescribed in subsection (3) does not apply to equalization orders that the legislature specifically exempts by law from such limitation;~~

~~(6) Subsection (3) does not apply to:~~

~~(a) Property used in the business of patented or unpatented producing mines and the mills and the smelters operated in connection with the mines;~~

~~(b) Producing oil, gas and geothermal interests;~~

~~(c) Real property, improvements thereto and personal property used thereon used in the operation of telephone, telegraph, gas, water and electric utility companies;~~

~~(d) Aircraft that is regularly scheduled and operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate or international transportation;~~

~~(e) Standing timber;~~

~~(f) Property used in the operation of pipelines;~~

~~(g) Personal property regardless of use except mobile homes;~~

~~(7) A resident of this state who is sixty-five years of age or older may apply to the county assessor for a property valuation protection option on the person's primary residence, including not more than ten acres of undeveloped appurtenant land. To be eligible for the property valuation protection option, the resident shall make application and furnish documentation required by the assessor on or before September 1. If the resident fails to file the application on or before September 1, the assessor shall process the application for the subsequent year. If the resident files an application with the assessor on or before September 1, the assessor shall notify the resident whether the application is accepted or denied on or before December 1. The resident may apply for a property valuation protection option after residing in the primary residence for two years. If one person owns the property, the person's total income from all sources including nontaxable income shall not exceed four hundred per cent of the supplemental security income benefit rate established by section 1614(b)(4) of the social security act. If the property is owned by two or more persons, including a husband and wife, at least one of the owners must be sixty-five years of age or older and the owners' combined total income from all sources including nontaxable income shall not exceed five hundred per cent of the supplemental security income benefit rate established by section 1614(b)(4) of the social security act. The assessor shall review the owner's income qualifications on a triennial basis and shall use the owner's average total income during the previous three years for the review. If the county assessor approves a property valuation protection option, the value of the primary residence shall remain fixed at the full cash value in effect during the year the property valuation protection option is filed and as long as the owner remains eligible. To remain eligible, the county assessor shall require a qualifying resident to reapply for the property valuation protection option every three years and shall send a notice of reaplication to qualifying residents six months before the three-year reaplication requirement. If title to the property is conveyed to any person who does not qualify for the property valuation protection option, the property valuation protection option terminates, and the property shall revert to its current full cash value.~~

~~(8) The legislature shall provide by law a system of property taxation consistent with the provisions of this section.~~

~~(9) For purposes of this section:~~

~~(a) "Owner" means the owner of record of the property and includes a person who owns the majority beneficial interest of a living trust;~~

~~(b) "Primary residence" means all owner-occupied real property and improvements to that real property in this state that is a single-family home, condominium, townhouse or an owner-occupied mobile home and that is used for residential purposes;~~

~~19. Limitation on annual increases in local ad valorem tax levies; exceptions~~

~~Section 19. (1) The maximum amount of ad valorem taxes levied by any county, city, town or community college district shall not exceed an amount two per cent greater than the amount levied in the preceding year.~~

~~(2) The limitation prescribed by subsection (1) does not apply to:~~

~~(a) Ad valorem taxes or special assessments levied to pay the principal of and the interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose;~~

~~(b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns and community college districts;~~

~~(c) Ad valorem taxes levied by counties for support of school districts;~~

~~(3) This section applies to all tax years beginning after December 31, 1981.~~

~~(4) The limitation prescribed by subsection (1) shall be increased each year to the maximum permissible limit, whether or not the political subdivision actually levies ad valorem taxes to such amounts, except that beginning in 2007 the limitation prescribed by subsection (1) shall be computed from the actual tax levy of the county, city, town or community college district in 2005.~~

~~(5) The voters, in the manner prescribed by law, may elect to allow ad valorem taxation in excess of the limitation prescribed by this section;~~
~~(6) The limitation prescribed by subsection (1) of this section shall be increased by the amount of ad valorem taxes levied against property not subject to taxation in the prior year and shall be decreased by the amount of ad valorem taxes levied against property subject to taxation in the prior year and not subject to taxation in the current year. Such amounts of ad valorem taxes shall be computed using the rate applied to property not subject to this subsection;~~

~~(7) The legislature shall provide by law for the implementation of this section;~~

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Be it enacted by the People of Arizona:

1. Article IX, Section 18 and Section 19, Constitution of Arizona, are proposed to be repealed as follows if approved by the voters and on proclamation of the Governor
2. Article IX, Constitution of Arizona, is proposed to be amended by adding a new Section 18 as follows if approved by the voters and on proclamation of the Governor

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Section 18.11 Property tax limits; limit on increase in values; definitions

SECTION 18. (1) THE CLASSES OF PROPERTY AFFECTED BY THIS AMENDMENT ARE LIMITED TO REAL PROPERTY (BUILDINGS AND LAND).

(2) THE MAXIMUM AGGREGATE AMOUNT OF ALL STATE AND LOCAL AD VALOREM TAXES ON RESIDENTIAL PROPERTY SHALL NOT EXCEED ONE-HALF OF ONE PERCENT (0.5%) OF THE VALUE OF ANY SUCH PROPERTY DETERMINED PURSUANT TO THIS SECTION.

(3) THE MAXIMUM AGGREGATE AMOUNT OF ALL STATE AND LOCAL AD VALOREM TAXES ON ALL OTHER REAL PROPERTY SHALL NOT EXCEED ONE PERCENT OF THE VALUE OF ANY SUCH PROPERTY DETERMINED PURSUANT TO THIS SECTION.

(4) FOR THE PURPOSES OF THIS SUBSECTION, "RESIDENTIAL PROPERTY" INCLUDES ALL OWNER OCCUPIED RESIDENTIAL REAL PROPERTY AND IMPROVEMENTS, ALL MOBILE HOMES USED FOR RESIDENTIAL PURPOSES AND ALL REAL PROPERTY AND IMPROVEMENTS USED AS LEASED OR RENTED PROPERTY PRIMARILY FOR RESIDENTIAL PURPOSES.

(5) WITHIN THIS SECTION BEGINNING WITH TAX YEAR 2009; "BASELINE FULL CASH VALUE" MEANS THE COUNTY ASSESSOR'S VALUATION OF REAL PROPERTY AS SHOWN ON THE 2003 TAX BILL UNDER "FULL CASH VALUE" OR, AFTER DECEMBER 31, 2003, THE ACTUAL PURCHASE PRICE OF THE PROPERTY.

(6) WITHIN THIS SECTION FOR TAX YEARS SUBSEQUENT TO 2009; BEGINNING WITH THE DEFINITION OF "FULL CASH VALUE" DEFINED IN SECTION 5 AS THE BASELINE, FULL CASH VALUE SHALL EQUAL THE FULL CASH VALUE OF THE PROPERTY IN THE PREVIOUS YEAR PLUS AN AMOUNT NOT TO EXCEED A TWO PERCENT (2%) INCREASE OF THE FULL CASH VALUE OF THE PROPERTY IN THE PREVIOUS YEAR.

(7) A RESIDENT OF THIS STATE WHO IS SIXTY-FIVE YEARS OF AGE OR OLDER MAY APPLY TO THE COUNTY ASSESSOR FOR A PROPERTY VALUATION PROTECTION OPTION ON THE PERSON'S PRIMARY RESIDENCE, INCLUDING NOT MORE THAN TEN ACRES OF UNDEVELOPED APPURTENANT LAND. TO BE ELIGIBLE FOR THE PROPERTY VALUATION PROTECTION OPTION, THE RESIDENT SHALL MAKE APPLICATION AND FURNISH DOCUMENTATION REQUIRED BY THE ASSESSOR ON OR BEFORE SEPTEMBER 1. IF THE RESIDENT FAILS TO FILE THE APPLICATION ON OR BEFORE SEPTEMBER 1, THE ASSESSOR SHALL PROCESS THE APPLICATION FOR THE SUBSEQUENT YEAR. IF THE RESIDENT FILES AN APPLICATION WITH THE ASSESSOR ON OR BEFORE SEPTEMBER 1, THE ASSESSOR SHALL NOTIFY THE RESIDENT WHETHER THE APPLICATION IS ACCEPTED OR DENIED ON OR BEFORE DECEMBER 1. THE RESIDENT MAY APPLY FOR A PROPERTY VALUATION PROTECTION OPTION AFTER RESIDING IN THE PRIMARY RESIDENCE FOR TWO YEARS. IF ONE PERSON OWNS THE PROPERTY, THE PERSON'S TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FOUR HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(B)(1) OF THE SOCIAL SECURITY ACT. IF THE PROPERTY IS OWNED BY TWO OR MORE PERSONS, INCLUDING A HUSBAND AND WIFE, AT LEAST ONE OF THE OWNERS MUST BE SIXTY-FIVE YEARS OF AGE OR OLDER AND THE OWNERS' COMBINED TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FIVE HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(B) (1) OF THE SOCIAL SECURITY ACT. THE ASSESSOR SHALL REVIEW THE OWNER'S INCOME QUALIFICATIONS ON A TRIENNIAL BASIS AND SHALL USE THE OWNER'S AVERAGE TOTAL INCOME DURING THE PREVIOUS THREE YEARS FOR THE REVIEW. IF THE COUNTY ASSESSOR APPROVES A PROPERTY VALUATION PROTECTION OPTION, THE VALUE OF THE PRIMARY RESIDENCE SHALL REMAIN FIXED AT THE FULL CASH VALUE IN EFFECT DURING THE YEAR THE PROPERTY VALUATION PROTECTION OPTION IS FILED AND AS LONG AS THE OWNER REMAINS ELIGIBLE. TO REMAIN ELIGIBLE, THE COUNTY ASSESSOR SHALL REQUIRE A QUALIFYING RESIDENT TO REAPPLY FOR THE PROPERTY VALUATION PROTECTION OPTION EVERY THREE YEARS AND SHALL SEND A NOTICE OF REAPPLICATION TO QUALIFYING RESIDENTS SIX MONTHS BEFORE THE THREE YEAR REAPPLICATION REQUIREMENT. IF TITLE TO THE PROPERTY IS CONVEYED TO ANY PERSON WHO DOES NOT QUALIFY FOR THE PROPERTY VALUATION PROTECTION OPTION, THE PROPERTY VALUATION PROTECTION OPTION TERMINATES, AND THE PROPERTY SHALL REVERT TO ITS CURRENT FULL CASH VALUE

(8) OWNER MEANS THE OWNER OF RECORD OF THE PROPERTY AND INCLUDES A PERSON WHO OWNS THE MAJORITY BENEFICIAL INTEREST OF A LIVING TRUST.

(9) THE LEGISLATURE SHALL PROVIDE BY LAW A SYSTEM OF PROPERTY TAXATION CONSISTENT WITH THE PROVISIONS OF THIS SECTION.

(10) IF ANY SECTION, PART, CLAUSE, OR PHRASE HEREOF IS FOR ANY REASON HELD TO BE INVALID OR UNCONSTITUTIONAL, THE REMAINING SECTIONS SHALL NOT BE AFFECTED BUT WILL REMAIN IN FULL FORCE AND EFFECT.

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3. The Secretary of State shall submit this proposition to the voters at the next general election as provided by Article XXI, Constitution of Arizona